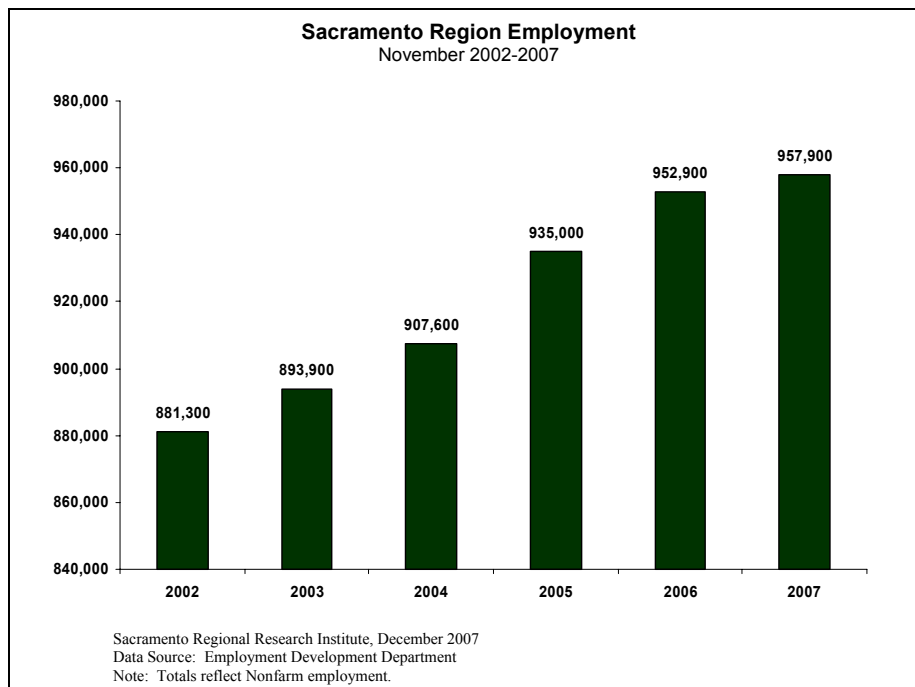
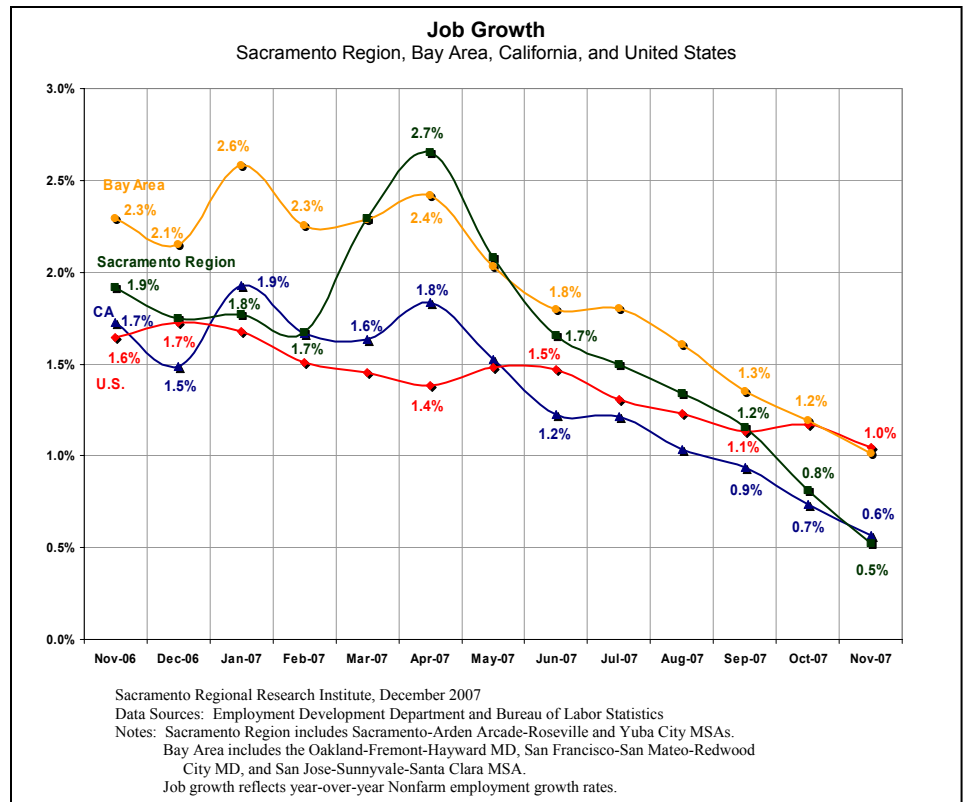


EMPLOYMENT GROWTH IN THE SACRAMENTO REGION, THE BAY AREA, CALIFORNIA, AND THE UNITED STATES

Declining job growth continued in the Sacramento Region with November 2007 data showing the Region below both the statewide and national averages.

The six-county Sacramento Region's job growth dropped to one of the lowest levels seen in over a decade in November 2007. Preliminary data for the Region shows a 12-month employment growth rate of 0.5 percent with a gain of only 5,000 jobs. Continued losses in housing-related sectors combined with slowing growth in other major sectors have dampened the Region's job growth for several months. The most recent data places the Region below both the statewide and national averages.

Housing-related losses are also creating slowing growth in the Bay Area. Between November 2006 and 2007, the Bay Area posted 1.0 percent job growth (an increase of 29,800 jobs). This is some of the lowest growth seen in the Bay Area since it began its most recent economic recovery a few years ago. While the Bay Area remains above the statewide average, it has fallen around the national average for the past two months.



Job growth at the national level has been surprisingly flat over the past few months with year-over-year employment growth rates around 1.0 percent (the most recent data reflects a gain of 1.4 million jobs). The state, on the other hand, is still seeing declining growth primarily due to the housing market slump. In November 2007, California posted 0.6 percent job growth (reflecting an increase of 86,600 jobs)—this is one of the lowest growth rates seen since the spring of 2004 and is notably below the national average.

Four of the Sacramento Region's major sectors are now posting job losses while the Government sector continues to support the Region's gains.

In addition to Construction and Financial Activities, two more major sectors in the Sacramento Region recently flipped to year-over-year job losses—Information and Manufacturing. With this shift, the Region's private sector is now showing a net decrease of 1,100 jobs. Losses in the housing-related sectors are getting worse with the rate of decline continuing to increase. At the same time, many other sectors are seeing slowing growth with only a few holding steady. The public sector's addition of 6,100 jobs in the past 12 months provided a considerable boost to the Region's economy, creating the overall net gain of 5,000 jobs.

The state is also experiencing job losses in the same four major sectors (plus one more). These sectors produced a combined loss of 69,100 jobs between November 2006 and 2007. California's greatest gains were in the Educational & Health Services; Government; and Leisure & Hospitality sectors, all of which helped mitigate the job losses with a total increase of 128,000 jobs.

Major Sector Employment Gains and Losses Sacramento Region, California, and Bay Area			
Sector	November 2006-2007		
	Sacramento Region	California	Bay Area
Total Nonfarm	5,000	86,600	29,800
Private Sector	-1,100	40,900	22,500
Public Sector	6,100	45,700	7,300
Government	6,100	45,700	7,300
Prof. & Business Svcs.	3,700	20,800	10,500
Edu. & Health Svcs.	3,100	54,300	8,800
Trade, Trans., & Util.	2,000	300	4,500
Leisure & Hospitality	1,300	28,000	5,100
Other Services	600	6,600	700
Nat. Res. & Mining	0	-300	0
Information	-300	-1,000	600
Manufacturing	-600	-14,400	2,700
Financial Activities	-3,500	-18,200	-2,800
Construction	-7,400	-35,200	-7,600

Sacramento Regional Research Institute, December 2007
Data Source: Employment Development Department

The Bay Area's economy is still seeing job losses in only the housing-related sectors, which experienced a total loss of 10,400 jobs in the past year. Most of the Bay Area's major sectors are posting slowing growth with only a handful showing stable growth. The Bay Area's three leading sectors are the same as in the Sacramento Region—Professional & Business Services; Government; and Educational & Health Services (together, these sectors added 26,600 jobs in the Bay Area during the 12 months ending November 2007).

Employment Gains and Losses Components of Sacramento Region and Bay Area		
Area	November 2006-2007	
	Absolute	Rate
Sacramento Region	5,000	0.5%
Sacramento-Arden Arcade-Roseville MSA	5,600	0.6%
Yuba City MSA	-600	-1.4%
Bay Area	29,800	1.0%
San Francisco-San Mateo-Redwood City Div.	14,400	1.5%
San Jose-Sunnyvale-Santa Clara MSA	11,700	1.3%
Oakland-Fremont-Hayward Div.	3,700	0.3%

Sacramento Regional Research Institute, December 2007
Data Source: Employment Development Department
Note: Gains and losses reflect Nonfarm employment.

Like the Sacramento Region overall, the largest component of the economy, the Sacramento-Arden Arcade-Roseville Metropolitan Statistical Area (MSA—El Dorado, Placer, Sacramento, and Yolo Counties), is posting some of the lowest employment growth rates since the early 1990s. Between November 2006 and 2007, the MSA saw 0.6 percent growth with a gain of 5,600 jobs. The Government sector provided the largest employment gains in the MSA while four major sectors posted job losses. The Yuba City MSA (Sutter and Yuba Counties) experienced negative job growth for the third straight month—this MSA posted a negative 1.4 percent year-over-year employment growth rate with a total loss of 600 jobs. About half of the MSA's major sectors showed minimal growth while the remainder experienced job losses.

The Bay Area's growth was led by the San Francisco-San Mateo-Redwood City Metropolitan Division (MD—Marin, San Francisco, and San Mateo Counties), which posted 1.5 percent job growth in November 2007 with an increase of 14,400 jobs. Every major sector added jobs in the MD with Professional & Business Services showing the greatest gain. The San Jose-Sunnyvale-Santa Clara MSA (San Benito and Santa Clara Counties) also produced fairly healthy growth with a 1.3 percent employment growth rate and a gain of 11,700 jobs. Nearly every major sector added jobs in the Silicon Valley, led by Educational & Health Services, with only two sectors posting minimal losses. The Oakland-Fremont-Hayward MD (Alameda and Contra Costa Counties) was the only component of the Bay Area to fall below the statewide and national averages in November 2007 primarily due to continued losses in the housing-related sectors. The East Bay's 0.3 percent job growth (reflecting an increase of 3,700 jobs) was supported by gains in the Government sector.

Economy Watch is sponsored by the following businesses who believe in ensuring the prosperity of the Sacramento Region:

DPR Construction, Inc. (www.dprinc.com); Farmers & Merchants Bancorp / F&M Bank (www.fmbonline.com); Franklin Templeton Investor Services, LLC (www.franklintempleton.com); Grubb & Ellis Company (www.grubb-ellis.com); Harbison-Mahony-Higgins Builders, Inc. (www.hmh.com); KCRA TV – Channel 3 / KQCA – Channel 58 (www.thekcrachannel.com); KT Communities (www.ktcommunities.com); McDonough Holland & Allen PC (www.mhalaw.com); Pacific Coast Building Products, Inc. (www.pacocoast.com); Panattoni Development Company (www.panattoni.com); Perry-Smith LLP (www.perry-smith.com); Raley's (www.raleys.com); Signature Reprographics (www.signaturerepro.com); Teichert, Inc. (www.teichert.com); The Evergreen Company; The Sacramento Bee (www.sacbee.com); Trainor Fairbrook (www.trainorfairbrook.com); and Wells Fargo Bank (www.wellsfargo.com).

The **Sacramento Regional Research Institute** (SRRI) is a joint venture of the Sacramento Area Commerce and Trade Organization (SACTO) and California State University, Sacramento (Sacramento State). SRRI provides a full range of objective economic and demographic research services to businesses, government entities, educational institutions, and non-profit organizations. For more information, visit SRRI's web site at www.srri.net or contact SRRI by mail at 400 Capitol Mall, Suite 2500, Sacramento, CA 95814; by phone at (916) 491-0444; or by e-mail at srri@srri.net. This edition of *Economy Watch* was produced by Ryan Sharp, SRRI Director.